

# State of Missouri Telecommunications Cost Allocation Plan

Fiscal Year 2006



July 2005

*Office of Administration  
Information Technology Services*

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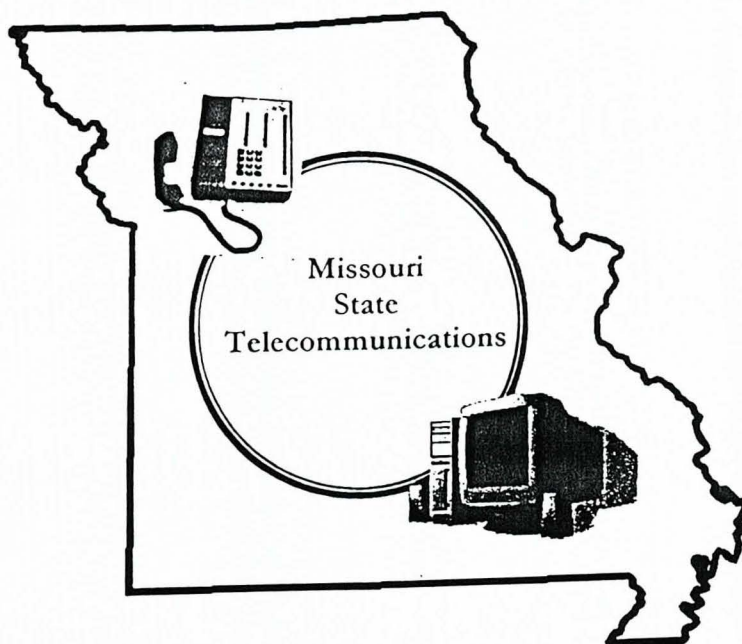
**State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006**

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# **State of Missouri Telecommunications Cost Allocation Plan**

**Fiscal Year 2006**



## **Section A Background and General Description**



### Purpose

This document explains the methodology utilized by the Information Technology Services Division in developing rates for telecommunications services provided to state agencies, colleges, and universities. The authorization to develop rate structures and establish a charging system is provided under Chapter 37, RSMo 1986.

This Cost Allocation Plan, and the process by which it is developed, is consistent with the revolving administrative trust fund methodology utilized by the Information Technology Services Division the past several years. The estimated expenditures and rates set forth herein provide the means for ensuring full cost recovery based on agency use of services. As with any plan, actual events and historical data will require close monitoring and some revisions.

### Pricing Concepts

The major objective of the Information Technology Services Division is to provide state agencies and organizations cost effective and efficient shared telecommunications resources. Achievement of this objective results in improved productivity in state government and more effective delivery of governmental services to the citizenry by state agencies.

The charging systems or objectives associated with this Cost Allocation Plan methodology can be summarized as follows:

1. establish usage sensitive pricing of services
2. provide rate stabilization
3. develop a cost for the total telecommunications service package which is less than can be obtained elsewhere
4. provide agencies maximum flexibility in controlling use
5. minimize the impact of future rate changes and/or cost increases
6. maximize economies of scale opportunities available through resource sharing.

### Revolving Administrative Trust Fund

The revolving administrative trust fund was established to receive funds paid or transferred to the Office of Administration by agencies of the state for goods and services utilized by such agencies. Spending ceiling authorization is enacted annually by appropriation and any unencumbered balance in excess of 1/12 of the amount appropriated to the revolving administrative trust fund at the close of the fiscal year reverts to the general revenue fund in accordance with other provisions of the law. No monies are actually provided to the Office of Administration under this appropriation. The funds to pay for telecommunications services are appropriated by the General Assembly directly to the state agencies, colleges, and universities. Payment for telecommunications services are made by the Office of Administration from the revolving administrative trust fund. The fund is then replenished by monthly billing to state agencies, colleges and universities based on the use of services.



## Expenditure Planning

One of the key components of this Cost Allocation Plan is developing an overall schedule and general allocation of anticipated expenditures. The expenditure plan contained in Section C of this report reflects the best estimate of the costs required to provide telecommunications services to state agencies over a twelve month period.

## Development Methodology

A cost-based development methodology was employed in establishing the billing rates detailed in Section E of this plan. The benefits of this cost based methodology are two fold: (1) as a full cost approach, both direct and indirect costs are included, and the problem of under or over recovery of telecommunications total budget costs is minimized, (2) it provides an equitable method for cost recovery; i.e., the rate is based on the amount of resources utilized.

The methodology for development of this Cost Allocation Plan can generally be summarized as the execution of the following eight work steps:

### 1. Determine Services Provided

The types of services provided by the State Telecommunications office are based on the requirements of state agencies and are typically similar to services provided by regulated telephone utilities, facility based carriers, other common carriers, and resellers of inter-city telecommunications services. These services are provided by the Office of Administration when the state can obtain enhanced shared features and realize economy of scale.

### 2. Establish Units of Service

The unit of service utilized to measure the volume of service provided for each service type was established based on three major criteria: relationship to the function performed, measurability, and level of control which can be exercised by the customer agencies.

### 3. Compile Estimates of Utilization

The Fiscal Year 2005 utilization of each service category was compiled. The category estimates were then used as a basis for projections or estimates for Fiscal Year 2006 of each type of service.

#### 4. Identify Types of Costs

Two basic types of costs were identified: (1) allocated direct; and (2) allocated indirect. Allocated direct costs were those costs that can be directly identified with providing a type of service. Costs allocated indirectly are related costs that cannot be directly identified with providing a specific type of service.

#### 5. Determine Allocated Direct Costs

Budgeted expense and equipment costs that could be directly identified with providing a specific type of service were accumulated to determine total allocated direct cost by type of service. In some cases an expense or equipment cost applies to more than one service category. The cost is then split by percentage among the appropriate type of service.

#### 6. Determine Allocated Indirect Costs

Budgeted expense, equipment and personnel costs that could be indirectly identified with providing a specific type of service were accumulated to determine total allocated indirect cost by type of service.

#### 7. Summarized Total Cost by Service

Total cost by service was determined by adding the direct and indirect allocated costs.

#### 8. Calculate Cost Per Unit of Service

The cost per unit of service was calculated by dividing the total annual cost by the total estimated annual utilization.

### Service Category Definitions

#### 1. Centrex Access

The basic unit of service provided by State Telecommunications to customers is access (dial tone). In Jefferson City, Rolla, Warrensburg and Maryville Sprint provides this service under the service mark of Centrex. This basic unit of service allows customers the ability to receive calls from any customer of the world-wide telecommunications system. Also associated with this basic service unit is the unlimited ability of Jefferson City, Rolla, Warrensburg and Maryville customers to call other customers within their system with four or five digit dialing. This category also includes some other Sprint service areas and additional locations will be added throughout the year. Service to Butler, California, Clinton, Lebanon and Warsaw was added in Fiscal Year 2003. Major cost components identified with this service element are the line charges and features which allow transmission and receipt of calls from the nationwide toll centers and the Federal End User charge.



2. State Long Distance

Within the Long Distance rate are those costs of the dedicated facilities (T-1s) on the private network that are located between the various cities to support voice traffic. Also included in the Long Distance rate are cost components of central office equipment required to provide switching capability of state telephones (Plexar/Centrex) from local calling only to WATS calling and long distance calling within the private network. WATS access and price per minute is also a component of long distance. (WATS is a long distance service which completes a call between a network location and a non-network location or known as the public switched network.)

3. PLEXAR Access

Access (dial tone) is the basic unit of service provided to customers in cities served by Southwestern Bell Telephone Company and has the trademark of PLEXAR. This basic unit of service allows customers to receive calls from any caller on the worldwide telecommunications system. It also permits customers to have the unlimited ability to place calls on the local and state networks and allows three, four and five digit dialing within their system. This results in a cost savings to the state by using reduced cost facilities rather than toll. The major cost elements associated with this service are the feature and station line charges and the Federal End User charge.

4. Data Circuits

Data circuit service is the "tail" or frame relay circuit that connects into the network transport contract associated with the private data WAN networks. Also included in this category are intrastate and interstate circuits connecting two or more locations together on a dedicated basis. In general, this service provides the agencies with the order processing, billing functions and contract administration required with the dedicated data circuits. The cost element with this service is the circuit costs and an administrative fee.

5. IVDN Data Lines

This category recovers the cost of the data components within the IDNX equipment and any central office equipment required to connect the IDNX equipment to the data loop which runs to the customer's premise as well as some of the T-1 cost. This product is being eliminated and has very little use forecasted in Fiscal Year 2006.

6. Network Transport

This category is for all services purchased from the network transport contract with SBC. Included in this category are interlata PVCs used to transport any frame relay circuit across LATA boundaries and frame relay tail circuits. In general, this service provides agencies with the order processing, services level agreements, trouble reporting, contract administration and billing functions required for the interlata T-1s, PVCs for interlata frame relay circuits, statewide frame relay access and backbone circuits for data networks. The



cost element with this service is the circuit costs and an administrative fee. Tables containing the circuit costs and the administrative fee are shown in Section D.

7. Voice Mail

This category of service provided to customers is access from the central office to the systems located in Jefferson City, Hannibal, Carthage, St. Joseph, Kansas City, Springfield, Sikeston, Hillsboro and St. Louis. The cost elements of this service include a monthly lease charge for the boxes in Warrensburg and Rolla as well as maintenance on owned systems.

8. Pass-Through Telephone Service

Pass-Through service is the process by which the charges billed by the telephone vendors are in turn billed to the appropriate agencies. Charges incurred for services such as local service, toll, and calling cards etc. are billed to the agencies with an administrative fee added.

9. VPN

This category is for the Virtual Private Network (VPN) service that is provided by the Office of Administration for state agencies. Customers use this service to securely access the state's private data remotely through the Internet. The cost elements for this service include equipment, maintenance and an administrative fee.

10. Toll-Free

This category is for Toll-Free service such as 800, 888, 877 and 866 numbers where agencies pay the per-call costs instead of the caller. The cost elements for this service include circuit, per minute service cost and an administrative fee.

11. Centrex Pass-Through

Centrex Pass-Through service is the process by which the charges billed by the Centrex vendor are in turn billed to the appropriate agencies. Because of the way the charges are processed, they are billed to the agencies without an administrative fee added. The cost elements for this service include but are not limited to installation charges, ISDN service, Local Exchange Toll charges and service order charges to name a few.

12. Managed WAN

This category is for the monitoring, maintenance and equipment associated with managing state agency Wide Area Networks (WAN). In general, this service provides agencies with the service level agreements, trouble shooting and reporting, equipment refreshes, network design and consulting.

## **Contact Information**

### **Technology Services**

Gail Wekenborg 573-751-1504

- **Telecommunications Services**

Nancy Bochat 573-751-5067

- **Network Support**

Karen Miller 573-751-5066

All orders, trouble reporting, video conferencing, Plexar and  
Centrex consulting/pricing Information

- **Network Infrastructure**

Mike Prenger 573-751-2525

Consulting/pricing information on MAN, data circuits (IVDN,  
frame relay), VPN/remote network access, network documentation

### **Finance and Administration**

Roger Bisges 573-751-3129

- **Office Services**

Gina Martin 573-522-2482

State Information Operators, conference calls, directories

- **Fiscal Services**

Joyce Crawford 573-751-8321

Telecom Invoices, Rates

# **State of Missouri Telecommunications Cost Allocation Plan**

**Fiscal Year 2006**



## **Section B Detailed Budget**



STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
FISCAL YEAR 2006

DETAILED BUDGET

Personnel Service 2005 - Regular Payroll	Budget Amount FY05	Budget Amount FY06
State Telecommunications Manager	\$37,704	\$37,704
1 Account Clerk II	\$22,620	\$22,620
2 Accountant I	\$26,808	\$26,808
3 Account Clerk II	\$24,984	\$24,984
4 Account Clerk II	\$22,272	\$22,272
5 Admin. Office Support Asst. (Clerk IV)	\$29,784	\$29,784
6 Telecom Analyst I	\$34,416	\$34,416
7 Sr. Office Support Asst	\$23,376	\$23,376
8 Account Clerk II	\$22,272	\$22,272
9 Computer Information Technology Specialist II	\$59,532	\$53,520
10 Computer Information Technology Specialist II	\$52,862	\$52,862
11 Senior Office Support Asst. (State Operator)	\$26,748	\$26,748
12 Senior Office Support Asst. (State Operator)	\$25,428	\$25,428
13 Senior Office Support Asst. (State Operator)	\$22,620	\$22,272
14 Senior Office Support Asst. (State Operator)	\$25,860	\$25,860
15 Telecommunications Analyst I	\$30,288	\$30,288
16 Telecommunications Analyst I	\$30,840	\$0
17 Telecommunications Analyst I	\$29,244	\$29,784
18 Telecommunications Analyst III	\$35,772	\$40,080
19 Telecommunications Analyst II	\$28,380	\$32,580
20 Telecommunications Analyst II	\$32,580	\$32,580
21 Telecommunications Analyst I	\$29,784	\$29,244
22 Telecommunications Analyst I	\$24,660	\$29,244
23 Telecommunications Analyst III	\$39,288	\$42,756
24 Telecommunications Analyst III	\$49,272	\$49,272
25 Telecommunications Analyst III	\$48,300	\$48,300
26 Telecommunications Analyst IV	\$49,272	\$49,272
27 Telecommunications Analyst IV	\$52,452	\$52,452
28 Telecommunications Analyst IV	\$44,508	\$44,508
29 Computer Information Technology Specialist III	\$49,272	\$49,272
30 Office of Administration Manager	\$49,296	\$58,260
31 Overtime, Unallocated PS	\$59,868	\$40,704
99 Fringe Benefits	<u>\$376,319</u>	<u>\$388,333</u>
Subtotal Personnel Service:	\$1,516,681	\$1,497,855
VPN		
Computer Information Technology Specialist III	\$10,534	\$10,534
Fringe Benefits	\$3,476	\$3,687
Managed WAN		
Telecommunications Analyst I	\$0	\$30,840
Fringe Benefits	<u>\$0</u>	<u>\$10,794</u>
Total Personnel Service:	\$1,530,691	\$1,553,710

**STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
FISCAL YEAR 2006  
DETAILED BUDGET (continued)**

Expense and Equipment	Budget Amount FY05	Budget Amount FY06
2100-2112 Managed WAN Travel Expenses	\$0	\$6,000
2592-02 Voice Mail Maintenance	\$38,551	\$38,755
2580 VPN Hardware Maintenance	\$5,431	\$5,431
2701 Voice Mail Equipment	\$0	\$74,400
2701 Managed WAN Network Expansion	\$0	\$61,520
3009-01 Jefferson City Lines	\$1,608,357	\$3,061,761
3009-02 Universal Service Fund	\$788,639	\$0
3009-03 Jefferson City Tax & Miscellaneous	\$230,344	\$235,174
3009-04 Jefferson City Federal End User	\$1,342,080	\$530,182
3009-06 SWB T-1	\$250,330	\$190,638
3009-08 AT&T T-1 Circuits	\$0	\$0
3009-09 WATS Access & Usage	\$1,214,030	\$1,140,071
3009-11 Muxes & Connections	\$460,204	\$255,621
3009-12 SDC	\$0	\$0
3009-13 Plexar Lines	\$1,976,827	\$2,289,616
3009-14 Plexar Trunks	\$1,148,952	\$1,162,219
3009-15 Plexar Federal End User	\$1,284,073	\$1,252,737
3009-16 Plexar Federal End User Credit	-\$1,123,665	-\$1,102,749
3009-17 Plexar Base System	\$24,697	\$24,740
3009-19 MO Dual Party Relay	\$1,958	\$1,981
3009-21 Other Centrex Line Charges	\$278,284	\$508,301
3009-22 Other Centrex Taxes	\$14,894	\$15,164
3009-23 Other Centrex Federal End User	\$212,160	\$57,172
3009-24 Voice Mail Circuits	\$388,861	\$141,657
3009-25 Alternate Egress	\$114,415	\$0
3009-27 Other Centrex Pass-Through	\$994,314	\$692,071
3009-28 Toll-Free Service Pass-Through	\$5,041,179	\$4,737,557
3009-30 Plexar Pass-Through	\$576,806	\$583,792
3009-31 Local Service	\$1,401,279	\$1,401,588
3009-33 Toll	\$76,091	\$50,508
3009-35 Directory Assistance	\$51,336	\$52,395
3009-36 Directory Purchase	\$621	\$2,014

STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
FISCAL YEAR 2006  
DETAILED BUDGET (continued)

Expense and Equipment	Budget Amount FY05	Budget Amount FY06
	\$0	\$0
3009-38 Other Taxes	\$10,373	\$7,483
3009-39 Payphones	\$583	\$583
3009-40 OA Network Equipment	\$74,400	\$0
3009-41 Network Expansion	\$606,444	\$724,326
3009-42 Metropolitan Area Network	\$897	\$897
3009-43 SMDR	\$528	\$1,687
3009-44 ARS Package	\$2,107	\$2,094
3009-47 Video Other	\$1,399,748	\$1,380,605
3009-48 1+	\$156,772	\$107,586
3009-49 Calling Card	\$1,016,422	\$1,020,859
3009-50 Intrastate Circuits	\$22,411	\$87,222
3009-51 Interstate Circuits	\$168,513	\$191,034
3009-52 IVDN Circuits	\$4,240,761	\$3,774,350
3009-53 Frame Relay Circuits	\$36,692	\$30,889
3009-56 Internet Access	\$4,220	\$4,378
3009-57 Service Center Voice Mail	\$5,547	\$40,443
3009-58 Service Center Transport	\$192,163	\$199,199
3009-59 Long Distance T-1s	\$2,564,190	\$2,155,752
3009-60 Network Transport	\$68,910	\$158,004
3009-61 T-1 Network Circuits	\$179,978	\$201,715
3009-62 Plexar Municipal Tax	\$280,464	\$354,019
3009-63 ISDN-PRI	\$23,427	\$0
3009-64 Plexar Municipal Tax/Pass-Through	\$0	\$7,251
3009-65 Other Sprint Franchise	\$331,143	\$0
3009-66 Truman State University	\$128,906	\$0
3009-67 Ozarks Technical Community College	\$0	\$19,597
3009-74 Centrex Tolls	\$0	\$101,469
3009-73 Voice Grade Circuits	\$0	\$2,351
3009-70 Other Centrex Pass-Through	\$0	\$356,533
3009-75 Blackberry Wireless	\$0	
Subtotal Expense & Equipment	\$29,916,648	\$28,400,641



**STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
FISCAL YEAR 2006**

**DETAILED BUDGET (continued)**

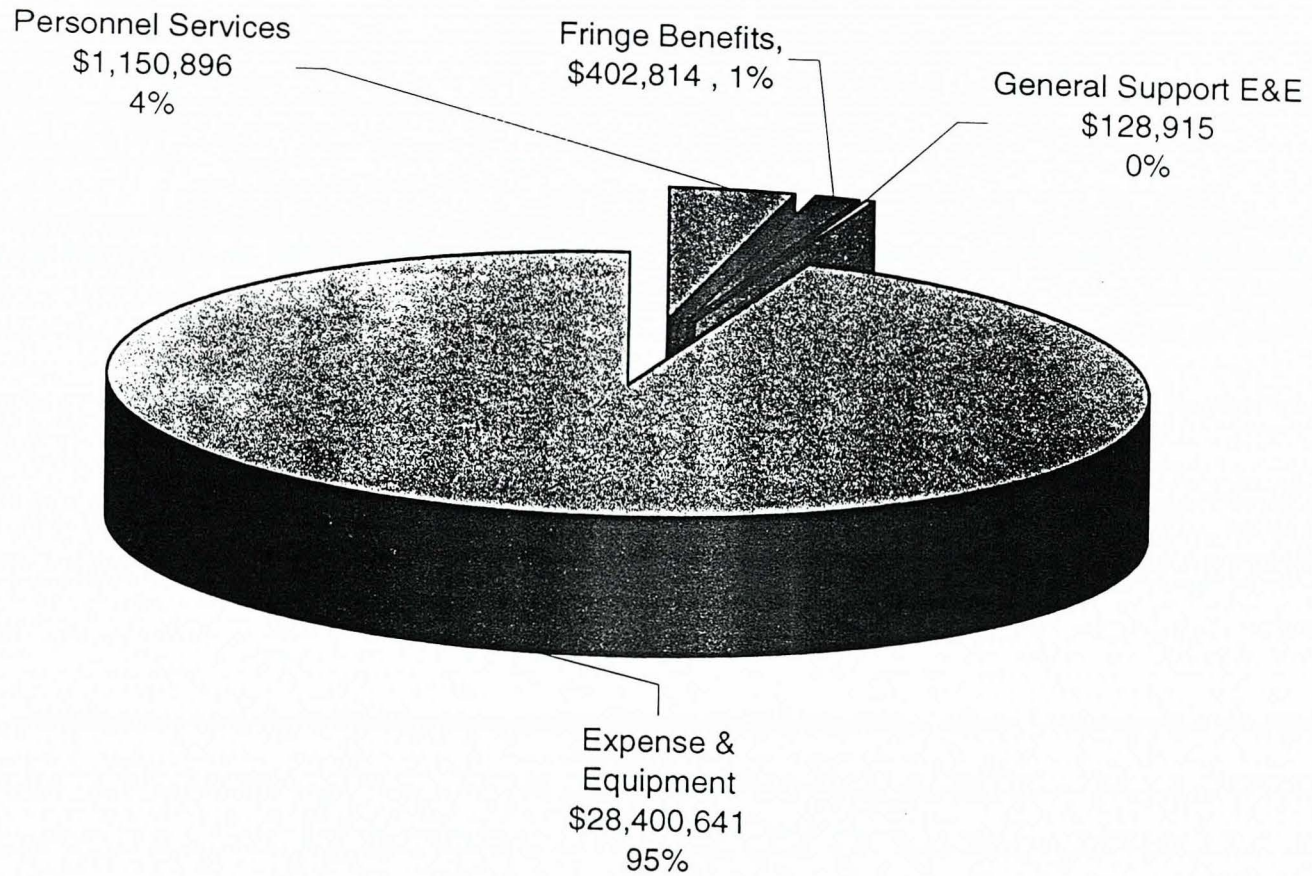
General Support (Indirect) Expense and Equipment	Budget Amount FY05	Budget Amount FY06
2100 In-State Mileage	\$2,000	\$1,500
2106 In-State Lodging	\$4,000	\$4,000
2109 In-State Meals	\$2,000	\$1,500
2112 In-State - Other	\$400	\$250
2115 Out-State Mileage	\$500	\$500
2118 Out-State Commercial Transportation	\$2,750	\$2,750
2121 Out-State Lodging	\$3,000	\$3,000
2124 Out-State Meals	\$500	\$500
2127 Out-State other	\$75	\$75
2205 Office Supplies	\$6,000	\$3,500
2265 Postage	\$10,000	\$8,000
2268 Subscriptions and Publications	\$175	\$50
2277 Other Admin Supplies	\$100	\$100
2325 Vehicle Repair	\$3,000	\$2,500
2328 Motor Fuel	\$1,000	\$1,000
2380 Organization Memberships	\$2,500	\$5,000
2383 Convention, Conference, Training Fees	\$10,000	\$10,000
2386 Tuition Expenses	\$2,000	\$2,000
2400 Telecommunication Supplies	\$250	\$6,000
2403 Telecommunication Charges	\$20,000	\$16,000
2409 Internet Charges	\$350	\$350
2412 Cellular Charges	\$1,500	\$1,500
2415 Pagers	\$1,000	\$500
2457 Express and Freight Services	\$100	\$100
2460 Printing & Binding Services	\$2,500	\$2,500
2469 Temporary Personnel Services	\$6,000	\$12,000
2490 Computer Hardware Services	\$30,000	\$10,000
2520 Educational Services	\$0	\$0
2580 Computer Hardware Maint.	\$600	\$600
2583 Software Maintenance	\$25,000	\$27,540
2598 Office Equipment Maint	\$400	\$400
2691 Under Threshold office equipment	\$200	\$0
2700 Desktop Computer Equipment	\$2,500	\$200
2706 Computer Software	\$1,500	\$2,500
2730 Communication Equipment	\$250	\$1,500
2769 Office Furniture	\$500	\$250
2772 Office Equipment	\$250	\$500
2991 Food	<u>\$250</u>	<u>\$250</u>
Subtotal General Support (Indirect)	\$143,150	\$128,915
Total Budget	\$31,590,489	\$30,083,266

STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
FISCAL YEAR 2006

BUDGET BY FUND

	<u>Revolving Fund</u>
Personnel Service	\$1,150,896
Expense & Equipment	\$28,529,556
Fringe Benefits	<u>\$402,814</u>
Total	\$30,083,266

## Telecommunications FY06 Budget





# State of Missouri Telecommunications Cost Allocation Plan

Fiscal Year 2006



## Section C Rate Derivation

State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006  
Centrex Access

Annual Estimated Utilization:

Number of Lines:  
260,580

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY05 Budget Amount	FY06 Budget Amount
3009.01	Jefferson City Line Charges	\$1,608,357	\$3,061,761
3009.03	Tax	\$230,344	\$235,174
3009.02	Access Reform	\$788,639	\$0
3009.04	Jefferson City Federal End User Charges	\$1,342,080	\$530,182
3009.41	Network Expansion	\$3,100	\$0
3009.21	Other Sprint Line Charges	\$278,284	\$508,301
3009.22	Other Sprint Tax	\$14,894	\$15,164
3009.23	Other Sprint Federal End User Charges	\$212,160	\$57,172
	Subtotal Expense and Equipment	\$4,477,857	\$4,407,753
	Total Direct Allocation	\$4,477,857	\$4,407,753
	Indirect Costs Allocated	\$248,324	\$251,978
	Total Allocated Costs	\$4,726,181	\$4,659,731
	Retained Earnings Reduction	-\$238,400	-\$461,027
	Adjustments	\$0	\$0
	RATF Transfer	\$107,040	\$64,885
	Total Collectable Costs	\$4,594,820	\$4,263,588

Rate Calculation:

Collectable Costs / Utilization = Monthly Access Line Cost

$$\frac{\$4,263,588.49}{260,580} = \$16.36$$

Additional Centrex Charges:

FEDERAL UNIVERSAL FUND*	\$0.50
<u>MISSOURI UNIVERSAL FUND*</u>	<u>\$0.02</u>

TOTAL	\$16.88
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\*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

State Long Distance

Annual Estimated Utilization (in minutes):

36,044,069

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY05 Budget Amount	FY06 Budget Amount
3009.61	T-1 Network Circuits	\$31,010	\$71,102
3009.09	WATS Access and Usage	\$1,214,030	\$1,140,071
3009.06	SBC T-1's	\$250,330	\$190,638
3009.35	Directory Assistance	\$51,336	\$52,395
3009.36	Directory Purchase	\$621	\$2,014
3009.38	Other Taxes	\$0	\$0
3009.39	Payphone	\$10,373	\$7,483
3009.40	OA Network Equip.	\$583	\$583
3009.44	ARS	\$528	\$1,687
3009.43	SMDR	\$897	\$897
3009.11	Muxes & Connections	\$207,092	\$115,029
3009.12	State Data Center	\$0	\$0
3009.14	Plexar Trunks	\$758,308	\$748,469
3009.25	Alternate Egress	\$114,415	\$0
3009.59	MCI T-1's & Termination Charges	\$192,163	\$199,199
	Subtotal Expense and Equipment	\$2,831,686	\$2,529,568
	Total Direct Allocation	\$2,831,686	\$2,529,568
	Indirect Costs Allocated	\$157,034	\$144,608
	Total Allocated Costs	\$2,988,720	\$2,674,175
	Retained Earnings Reduction	-\$315,000	-\$330,000
	Commissions	-\$291,654	\$0
	RATF Transfer	\$67,689	\$37,237
	Adjustments	-\$228,737	-\$330,389
	Total Collectable Costs	\$2,221,018	\$2,051,023

Rate Calculation:

Collectable Costs / Utilization = State Long Distance Cost Per Minute

\$2,051,023	=	\$0.0569
36,044,069		



State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

Plexar Access

Annual Estimated Utilization:

Number of Lines:  
272,352

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY05 Budget Amount	FY06 Budget Amount
3009.13	Plexar Line Charges	\$1,976,827	\$2,289,616
3009.62	Plexar Municipal Tax	\$179,978	\$201,715
3009.14	Plexar Trunks	\$390,644	\$413,750
3009.15	Plexar Federal End User Charges	\$1,284,073	\$1,252,737
3009.16	EUCL Credit	-\$1,123,665	-\$1,102,749
3009.17	Plexar Base System	\$24,697	\$24,740
3009.19	MO Dual Party Relay	\$1,958	\$1,981
3009.41	Network Expansion	\$7,440	\$0
	Subtotal Expense and Equipment	\$2,741,952	\$3,081,791
	Total Direct Allocation	\$2,741,952	\$3,081,791
	Indirect Costs Allocated	\$152,057	\$176,176
	Total Allocated Costs	\$2,894,009	\$3,257,968
	RATF Transfer	\$65,544	\$45,366
	Adjustments	\$0	\$0
	Total Collectable Costs	\$2,959,553	\$3,303,333

Rate Calculation:

Collectable Costs / Utilization = Monthly Access Line Cost

\$3,303,333  
272,352

=

\$12.13

Additional Plexar Charges:

FEDERAL UNIVERSAL FUND\*

\$0.06

MISSOURI UNIVERSAL FUND\*

\$0.03

TOTAL

\$12.22

\*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

IVDN Data Lines

Annual Estimated Utilization:

Number of Lines:

15

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY05 Budget Amount	FY06 Budget Amount
3009.61	T-1 Network Circuits	\$37,901	\$86,902
3009.11	Muxes & Connections	\$253,112	\$140,592
3009.12	State Data Center	\$0	\$0
3009.41	Network Expansion	\$0	\$0
	Subtotal Expense and Equipment	\$291,013	\$227,494
	Total Direct Allocation	\$291,013	\$227,494
	Indirect Costs Allocated	\$16,446	\$13,005
	Total Allocated Costs	\$307,459	\$240,499
	RATF Transfer	\$7,089	\$3,349
	Retained Earnings Reduction	-\$4,640	-\$241,669
	Adjustments	\$0	\$0
	Total Collectable Costs	\$309,908	\$2,179

Rate Calculation:

Collectable Costs / Utilization = Monthly Access Line Cost

\$2,179

15

=

\$145.24

State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

Data Circuits

Annual Estimated Utilization:

Actual Circuit Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY05 Budget Amount</u>	<u>FY06 Budget Amount</u>
3009.42	MAN Connections	\$606,444	\$724,326
3009.50	Intrastate	\$1,016,422	\$1,020,859
3009.51	Interstate	\$22,411	\$87,222
3009.52	IVDN	\$168,513	\$191,034
3009.53	Frame Relay	\$4,240,761	\$3,774,350
3009.58	Service Center Transport	\$5,547	\$40,443
3009.63	ISDN-PRI	\$280,464	\$354,019
3009.73	Voice Grade Circuits	\$0	\$101,469
	Subtotal Expense and Equipment:	\$6,335,015	\$6,293,721
	Total Direct Allocation	\$6,335,015	\$6,293,721
	Indirect Costs Allocated	\$351,314	\$359,793
	Total Allocated Costs	\$6,686,329	\$6,653,514
	Adjustments	-\$97,913	-\$170,981
	Total Collectable Costs	\$6,588,416	\$6,482,533

Rate Calculation:

Total Collectable Costs / Direct Costs = Administrative Percentage

\$6,482,533

x 100% =

103%

\$6,293,721



State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

Network Transport

Annual Estimated Utilization:

Actual Circuit Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY05 Budget Amount</u>	<u>FY06 Budget Amount</u>
3009.60	Network Transport	\$2,564,190	\$2,155,752
3009.41	Network Expansion	\$49,600	\$0
	Subtotal Expense and Equipment:	\$2,613,790	\$2,155,752
	Total Direct Allocation	\$2,613,790	\$2,155,752
	Indirect Costs Allocated	\$144,950	\$123,238
	Total Allocated Costs	\$2,758,740	\$2,278,990
	RATF Transfer	\$0	\$31,734
	Adjustments	\$116,429	\$0
	Total Collectable Costs:	\$2,875,169	\$2,310,724

REFER TO TABLES ON PAGES D1 AND D2 FOR RATES.

State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

Voice Mail Charge

Annual Estimated Utilization:

Number of Lines:

239,352

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Item</u>	<u>Description</u>	<u>FY05 Budget Amount</u>	<u>FY06 Budget Amount</u>
		\$14,260	\$0
3009.41	Network Expansion	\$388,861	\$141,657
3009.24	Circuits	\$38,551	\$38,755
2592.02	Maintenance	\$0	\$0
3009.26	Voice Mail Ports	\$0	\$74,400
2701	IT Network & Communication Equip	\$4,220	\$4,378
3009.57	Service Center Voice Mail		
	Subtotal Expense and Equipment	\$445,893	\$259,190
	Total Direct Allocation	\$445,893	\$259,190
	Indirect Costs Allocated	\$24,727	\$14,817
	Total Allocated Costs	\$470,620	\$274,007
	RATF Transfer	\$10,659	\$3,815
	Adjustments	\$410,513	\$619,748
	Total Collectable Costs	\$891,792	\$897,570

Rate Calculation:

Collectable Costs / Direct Costs = Rate per Mailbox

\$897,570

239,352

=

\$3.75

State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

VPN

Annual Estimated Utilization:

Number of Clients  
9,648

Estimated Cost:

<u>Item</u>	<u>Description</u>	<u>FY05 Budget Amount</u>	<u>FY06 Budget Amount</u>
2580	VPN	\$5,431	\$5,431
	Personnel	\$14,221	\$14,221
	Total Direct Allocation	\$19,652	\$19,652
	Indirect Costs	\$1,078	\$1,123
	Total Allocated Costs	\$20,519	\$20,775
	Adjustments	\$29,401	\$29,105
	RATF Transfer	\$0	\$289
	Total Collectable Costs	\$49,920	\$50,170

Rate Calculation:

Collectable Costs / Direct Costs = Rate per client

\$50,170  
9648

=

\$5.20



State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

Pass-Through Telephone Service

Annual Estimated Utilization:

Actual Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	<u>FY05 Budget Amount</u>	<u>FY06 Budget Amount</u>
		\$0	\$0
3009.02	Access Reform	\$576,806	\$583,792
3009.30	Plexar Pass-Through	\$1,401,279	\$1,401,588
3009.31	Local Services	\$76,091	\$50,508
3009.33	Toll	\$1,399,748	\$1,380,605
3009.48	1+ Charges	\$156,772	\$107,586
3009.49	Calling Card Pass-Through Charges	\$36,692	\$30,889
3009.56	Internet Access Pass-Through Charges	\$2,107	\$2,094
3009.47	Video Conferencing	\$23,427	\$0
3009.64	Plexar Municipal Tax/Pass-Through	\$0	\$2,351
3009.70	Other Centrex Pass-Through	\$0	\$356,533
3009.75	Blackberry Wireless		
	Subtotal Expense and Equipment	\$3,672,922	\$3,915,946
	Total Direct Allocation	\$3,672,922	\$3,915,946
	Indirect Costs Allocated	\$203,685	\$223,863
	Total Allocated Costs	\$3,876,607	\$4,139,809
	Adjustments	-\$93,497	-\$106,384
	Total Collectable Costs	\$3,783,109	\$4,033,425

Rate Calculation:

Total Collectable Costs / Direct Costs = Administrative Percentage = 103%

$\frac{\$4,033,425}{\$3,915,946}$

State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

Centrex Pass-Through Telephone Service

Annual Estimated Utilization:

Actual Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY05 Budget Amount	FY06 Budget Amount
3009.27	Other Sprint Pass-Through	\$994,314	\$692,071
3009.65	Other Sprint Franchise	\$0	\$7,251
3009.74	Centrex Tolls	\$0	\$19,597
	Subtotal Expense and Equipment	\$994,314	\$718,918
	Total Direct Allocation	\$994,314	\$718,918
	Indirect Costs Allocated	\$55,141	\$41,098
	Total Allocated Costs	\$1,049,455	\$760,017
	Adjustments	-\$55,141	-\$41,098
	Total Collectable Costs	\$994,314	\$718,918

Rate Calculation:

Total Collectable Costs / Direct Costs = Administrative Percentage

$$\frac{\$718,918}{\$718,918} = 100\%$$

State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

Toll-Free

Annual Estimated Utilization (in minutes):

Number of Minutes  
73,854,367

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY05 Budget Amount	FY06 Budget Amount
3009.28	800 Service	\$5,041,179	\$4,737,557
	Subtotal Expense and Equipment	\$5,041,179	\$4,737,557
	Total Direct Allocation	\$5,041,179	\$4,737,557
	Indirect Costs Allocated	\$279,563	\$270,831
	Total Allocated Costs	\$5,320,742	\$5,008,388
	RATF Transfer	\$0	\$69,740
	Adjustments	-\$83,908	\$0
	Total Collectable Costs	\$5,236,835	\$5,078,128

Rate Calculation:

Allocated Costs / Utilization = Per-Minute Cost	=	\$0.0688
<u>\$5,078,128</u>		
73,854,367		



State of Missouri Telecommunications  
Cost Allocation Plan  
Fiscal Year 2006

Managed WAN

Annual Estimated Utilization:

Number of Routers:  
780

Estimated Cost:

<u>Item</u>	<u>Description</u>	<u>FY05 Budget Amount</u>	<u>FY06 Budget Amount</u>
	Personnel	\$0	\$41,634
2110-2112	Managed WAN Travel Expenses	\$0	\$6,000
2701	WAN Network Expansion	\$0	\$61,520
	Total Direct Expenses	\$0	\$109,154
	Indirect Costs	\$0	\$6,240
	Total Allocated Costs	\$0	\$115,394
	Adjustments	\$0	\$0
	Plus RATF Transfer	\$0	\$1,607
	Total Collectable Costs	\$0	\$117,001

Rate Calculation:

Collectable Costs / Direct Costs = Rate per client  

$$\frac{\$117,001}{780}$$

= \$150

STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
FISCAL YEAR 2006  
RATE CALCULATION SUMMARY

	CENTREX ACCESS	STATE LONG DISTANCE	PLEXAR ACCESS	IVDN DATA LINES	DATA CIRCUITS	NETWORK TRANS.	VM ADMIN. CHARGE	PASS THRU	VPN	TOLL FREE	CENTREX PASS THROUGH	MGD WAN SERVICE	TOTAL
DIRECT ALLOCATION													
PERSONNEL SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,221	\$0	\$0	\$41,634	\$55,855
EXPENSE and EQUIPMENT	\$4,407,753	\$2,529,568	\$3,081,791	\$227,494	\$6,293,721	\$2,155,752	\$259,190	\$3,915,946	\$5,431	\$4,737,557	\$718,918	\$67,520	\$28,400,641
SUBTOTAL	\$4,407,753	\$2,529,568	\$3,081,791	\$227,494	\$6,293,721	\$2,155,752	\$259,190	\$3,915,946	\$19,652	\$4,737,557	\$718,918	\$109,154	\$28,456,496
INDIRECT ALLOCATION													
PERSONNEL SERVICE	\$232,009	\$133,148	\$162,215	\$11,975	\$331,280	\$113,472	\$13,643	\$206,122	\$1,034	\$249,369	\$37,841	\$5,746	\$1,497,855
EXPENSE and EQUIPMENT	\$19,968	\$11,460	\$13,961	\$1,031	\$28,512	\$9,766	\$1,174	\$17,740	\$89	\$21,462	\$3,257	\$494	\$128,915
SUBTOTAL	\$251,978	\$144,608	\$176,176	\$13,005	\$359,793	\$123,238	\$14,817	\$223,863	\$1,123	\$270,831	\$41,098	\$6,240	\$1,626,770
TOTAL ALLOCATED COSTS	\$4,659,731	\$2,674,175	\$3,257,968	\$240,499	\$6,653,514	\$2,278,990	\$274,007	\$4,139,809	\$20,775	\$5,008,388	\$760,017	\$115,394	\$30,083,266
RETAINED EARNINGS REDUCTION	-\$461,027	-\$330,000		-\$241,669									-\$1,032,696
EQUITY/PERSONNEL ADJUSTMENTS		-\$330,389			-\$170,981		\$619,748	-\$106,384	\$29,105		-\$41,098		\$0
COMMISSIONS		\$0											\$0
RATF TRANSFER	\$64,885	\$37,237	\$45,366	\$3,349		\$31,734	\$3,815		\$289	\$69,740		\$1,607	\$258,021
COLLECTABLE COSTS	\$4,263,588	\$2,051,023	\$3,303,333	\$2,179	\$6,482,533	\$2,310,724	\$897,570	\$4,033,425	\$50,170	\$5,078,128	\$718,918	\$117,001	\$29,308,591
UTILIZATION	260,580 LINES	36,044,069 MIN	272,352 LINES	15 LINES	6,293,721 COST	\$2,155,752 COST	239,352 LINES	\$ 3,915,946 COST	9648 CLIENTS	73,854,367 MIN	\$ 718,918	780 ROUTERS	
RATE	\$16.36	\$0.0569	\$12.13	\$145.24	103%	REFER TO TABLES	\$3.75	103%	\$5.20	\$0.0688	100%	\$150.00	
FED UNIVERSAL FUND*	\$0.50		\$0.06										
MO UNIVERSAL FUND*	\$0.02		\$0.03										
TOTAL	\$16.88		\$12.22										

\*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

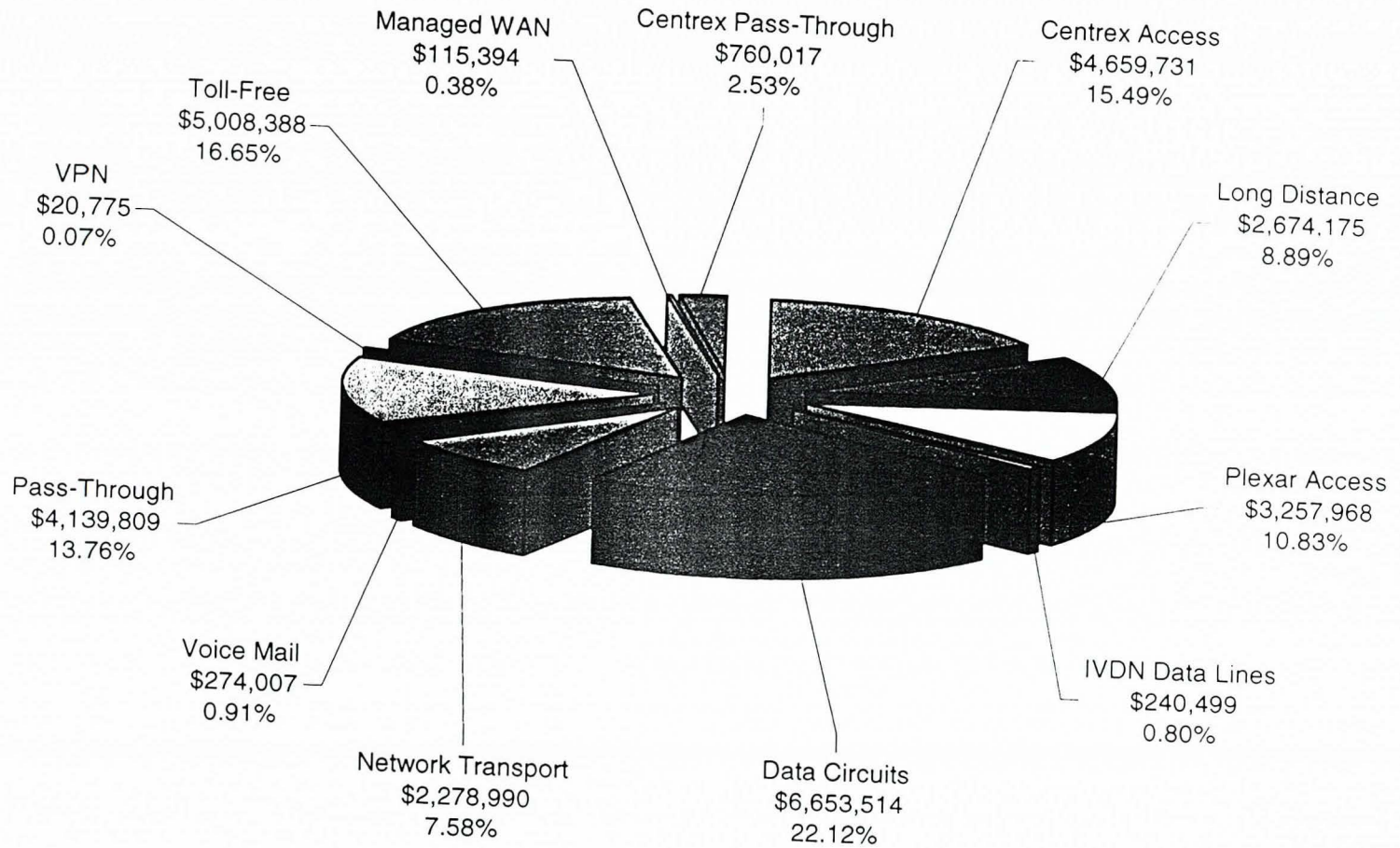
**STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
FISCAL YEAR 2006**

**PLEXAR PRICING POLICY**

- Lines added after the beginning of the fiscal year will be at cost, if cost is greater than CAP, until the next annual CAP is developed.
- New Plexar lines which cost more than CAP will be evaluated by the SETAC Rate Committee and may never be in the CAP rate.
- Customers pay all installs.
- Rates are based on a 7-year agreement. Customers pay all penalties related to disconnected services, if there are any.



# FY06 Total Allocated Cost by Rate Category



# **State of Missouri Telecommunications Cost Allocation Plan**

## **Fiscal Year 2006**



## **Section D Network Transport Tables**

ASI CIR Pricing		
Range		Price
0	56	\$4.12
57	64	\$4.12
65	128	\$8.24
129	256	\$11.33
257	384	\$14.42
385	512	\$20.60
513	768	\$28.84
769	1536	\$47.38
1537	2000	\$56.65
2001	3000	\$56.65
3001	4000	\$56.65
4001	5000	\$61.80
5001	7000	\$61.80
7001	8000	\$66.95
8001	9000	\$66.95
9001	10000	\$72.10

ASI Port Pricing		
Range		Price
0	56	\$55.62
57	64	\$55.62
65	128	\$119.54
129	256	\$143.99
257	384	\$151.48
385	512	\$172.05
513	768	\$231.19
769	1536	\$293.92
45000	45000	\$846.81

ASI Access Pricing		
Range		Price
0	56	\$67.98
57	64	\$67.98
65	128	\$123.44
129	256	\$123.44
257	384	\$127.70
385	512	\$118.29
513	768	\$118.29
769	1536	\$118.29
45000	45000	\$1,881.81

SBCLD FR Long-Haul PVC		
CIR		Price
4	\$	26.75
8	\$	26.75
16	\$	26.75
24	\$	26.75
32	\$	26.75
48	\$	32.10
56	\$	37.45
64	\$	37.45
128	\$	69.55
192	\$	117.70
256	\$	139.10
320	\$	171.20
384	\$	246.10
448	\$	262.15
512	\$	294.25
576	\$	347.75
640	\$	390.55
704	\$	428.00
768	\$	465.45
832	\$	567.10
896	\$	642.00
960	\$	722.25
1024	\$	749.00
1536	\$	1,177.00
1000	\$	1,391.00
2000	\$	1,996.62
3000	\$	2,794.84
4000	\$	3,547.05
5000	\$	4,268.23
6000	\$	4,965.87
7000	\$	5,642.11
8000	\$	6,697.13
9000	\$	7,383.00
10000	\$	8,062.45
11000	\$	8,720.50
12000	\$	9,378.55
13000	\$	10,020.55
14000	\$	10,651.85
15000	\$	11,283.15
16000	\$	11,903.75
17000	\$	12,519.00
18000	\$	13,123.55
19000	\$	13,722.75
20000	\$	15,509.65
25000	\$	17,227.00
30000	\$	20,062.50
35000	\$	22,774.95
40000	\$	31,013.95



SBCLD FR PORT Charge		
Range		Price
49	64	\$ 85.60
65	128	\$ 160.50
193	256	\$ 187.25
321	384	\$ 214.00
449	512	\$ 246.10
705	768	\$ 315.65
1025	2000	\$ 535.00
DS3	DS3	\$ 2,140.00

SBCLD FR LOCAL ACCESS	Price
DS0 Flat Rate	\$192.60
DS1 In SWBT Territory	\$166.92
DS1 Independent Territory	\$422.65
DS3 Zone 1 LEC charge \$0-2200	\$1,622.12
DS3 Zone 2 LEC charge \$2.2K -3K	\$2,802.33
DS3 Zone 3 LEC charge \$3K -4K	\$3,820.97
DS3 Zone 4 LEC charge \$4K and up	\$4,840.68

FR LOCAL ACCESS Out-Region		
Range		Price
56	64	\$ 192.60
128	1536	\$ 422.65

FR LOCAL ACCESS In-Region		
Range		Price
56	64	\$ 192.60
128	1536	\$ 166.92

#### Point-To-Point Circuits

Midlink DS1	\$749.00
DS1 Local Access 0-30 miles	\$401.25
DS1 Local Access 31-50 miles	\$481.50
DS1 Local Access over 50 miles	\$535.00
Midlink DS3	\$6,955.00
DS3 Local Access 0-30 miles	\$3,210.00
DS3 Local Access 31-50 miles	\$4,280.00
DS3 Local Access over 50 miles	\$5,082.50

# **State of Missouri Telecommunications Cost Allocation Plan**

**Fiscal Year 2006**



## **Section E Rate Summary**

STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
FISCAL YEAR 2006

RATE SUMMARY

Centrex Access	\$16.36 per line + FCC costs
State Long Distance (Private Network)	\$0.0569 per minute
Plexar Access	\$12.13 per line + FCC costs
Data Circuits	103% of actual cost
Voice Mail (standard mailbox)	\$3.75 per mailbox
Pass-Through Telephone Service	103% of actual cost
VPN	\$5.20 per client
Toll-Free	\$0.0688 per minute
Centrex Pass-Through	100% of actual cost
Network Transport	refer to rate tables
Managed WAN	\$150.00 per router

Directory Assistance

Intrastate	\$1.99 per call
Interstate	\$1.99 per call
Toll	Actual Cost

Conference Call

Progressive	\$10.00 per hour
Meet-Me	\$5.00 per hour

NOTE: Charges may apply if a scheduled conference is canceled without adequate advance notice.

Contract Services (Domestic Direct-Dialed Service)

Calling Card Cost (per minute)	\$.0927 day, \$.0806 evening/night/weekend
1+ Long Distance	\$.108 day/evening/night/weekend
ISDN Calls	\$.1436 day/evening/night/weekend